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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	91165519
Party	Plaintiff Corporacion Habanos, S.A. Corporacion Habanos, S.A. Corporacion Habanos, S.A. Avenida 3ra, #2006, e/20 y 22Miramar Havana, CUBA
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CORPORACION HABANOS, S.A.,)	
)	Opposition No. 91165519
Opposer,)	
)	
v.)	
)	
ANNCAS, INC.,)	
)	
Applicant.)	
)	

Opposer, Corporacion Habanos, S.A. (“Opposer” or “Habanos S.A.”), hereby files its Reply in support of its Motion for Summary Judgment, which seeks to: 1) sustain the Opposition and refuse registration of Application Serial No. 78/363024; and 2) dismiss Applicant’s counterclaim to cancel Registration No. 2,177,837, owned by Opposer.

In its Response to Opposer’s Motion, Applicant primarily repeats the arguments it made on its own summary judgment motion. It largely ignores the dispositive case law, PTO rulings, and extensive evidence cited by Opposer, including the unrebutted, unchallenged expert testimony showing the absence of any relevant connection between non-Cuban “Cuban seed” tobacco and Havana or Cuba. Applicant also continues to misstate both the law and evidence, and to confuse conclusory, unsupported assertions with *evidence*, contrary to its summary judgment obligations. In its Opposition to Applicant’s summary judgment motion (cited as “Opposer SJ Opp. at ___”), Opposer has addressed many of the same points that Applicant repeats in its Response, and Opposer hereby incorporates its Opposition papers by reference, including the Declaration of Lindsey Frank (“Frank Decl.”) and Exhibits thereto.

I. APPLICANT'S MARK IS PRIMARILY GEOGRAPHICALLY DECEPTIVELY MISDESCRIPTIVE AND DECEPTIVE

Under controlling legal authority and the overwhelming and unrebutted evidence, there is no genuine issue of material fact that Applicant's HAVANA CLUB mark is not registrable under 15 U.S.C. § 1052 (a), (e)(1), (3). The Examiner concluded that the mark was not registrable for "cigars," a finding that Applicant did not challenge. As Opposer has shown, this conclusion is correct not only for "cigars," but also for cigars claimed to be made from "Cuban seed" tobacco, which tobacco (and seeds) admittedly does not come from Cuba. The Examiner gave no explanation for his reversal of refusal to register, and Applicant's papers utterly fail to controvert Opposer's showing of its entitlement to summary judgment.

A. The Primary Significance of the Mark is a Known Geographical Location

Applicant repeats its meritless assertion that the addition of "Club" to "Havana" somehow makes the primary significance of the mark non-geographic. However, HAVANA CLUB for a mark purportedly intended to convey "Cuban entertainment and social life" (William Bock Declaration, ¶ 3, a claim in any event that directly contradicts his prior deposition testimony, *see* Opposer SJ Opp. at 4-5) is no more registrable or "arbitrary" than the numerous "HAVANA ____" marks rejected by the Board, regardless how Applicant chooses to characterize "Club." Applicant continues to ignore the PTO's refusals to register other HAVANA CLUB marks asserting the identical Cuban social life argument. *See* Opposer's Summary Judgment Motion ("Opp. SJ") at 22-24; Opposer SJ Opp. at 3-5; *In re Bacardi*, 48 U.S.P.Q.2d 1031, 1034 (T.T.A.B. 1997) (although not a descriptive or laudatory term, where "no evidence [of] a type of ship called a HAVANA CLIPPER or a famous ship [of that name,] the term CLIPPER does not detract from the primary geographic significance of HAVANA ... and, thus, the primary significance of the composite mark remains geographic"); Exhibit 7 to

Goldstein Declaration, dated August 4, 2006 (Feb. 9, 2001 Office Action, at 3) (refusing “HAVANA CLUB” application for clothing, finding “the geographic significance of Havana has not been diminished” by adding ‘Club,’ in absence of evidence that “an organization, clique, or alliance exists or ever existed” called “Havana Club” and “located in Havana, Cuba, or whose concerns focus upon Havana”).

Opposer has previously addressed Applicant’s arguments (and the same cases) that the mark suggests stylishness or high quality; that the mark has a popular significance apart from its geographical meaning; and that Applicant is seeking to trade off the fame of the HAVANA CLUB rum. Opposer has further shown that this latter claim is not only disingenuous, as Mr. Bock admittedly never heard of a HAVANA CLUB rum prior to filing the application, but that the only extant HAVANA CLUB rum was the Cuban product (and Applicant never explains why its attempt to exploit the fame of the Cuban rum mark somehow supports its claim to register its cigar mark). Opposer SJ Opp. at 3-5 & n.3, 7.

B. Consumers are Likely to Believe There is a Goods-Place Association, which will be Material to Purchasing Decisions

Contrary to Applicant’s assertion, App. SJ Resp. at 8, the May 10, 2006 Stipulation speaks for itself that “Applicant hereby withdraws and dismisses with prejudice its *Third Affirmative Defense* (*‘Lack of Place/Goods Association’*)” (emphasis added), and not merely the factual allegations pled therein. Opp. SJ at 6 & n.1, 24. Even if the Board addresses this dismissed defense on the merits, Opposer has easily met the requisite low threshold showing of a likely goods-place association, and has likewise established as a matter of law the materiality of this association to consumer purchasing decisions. Opp. SJ at 7-11, 24-28.

Applicant submits no evidence or argument to overcome either Opposer’s proof, or the PTO’s initial material goods-place association finding. Applicant’s rehashing of its “distinctive

composite mark” claim, App. SJ Resp. at 8, fares no better in defeating a likely goods-place association (which is frequently found for composite marks, *see, e.g.*, cases cited in Opp. SJ at 22-25, 27-28), than it does in defeating the mark’s primary geographical significance. Applicant’s argument that the Cuban Assets Control Regulations (“CACR”) would overcome the consumer’s otherwise obvious and material goods-place association between HAVANA CLUB and Havana for cigars is refuted by: 1) the explicit contrary decisions of the Board and PTO Examiner; 2) the absence of any evidence from Applicant to refute these precedents; and 3) Mr. Bock’s own deeply mistaken and confused understanding as to what the CACR do and do not permit, despite over 35 years in the United States cigar business. Opposer SJ Opp. at 6-7 & n.5.

Opposer has previously addressed the remainder of Applicant’s arguments and each of its cited cases on the issue of a material goods-place association, App. SJ Resp. at 8-11, which fare no better upon repetition here. *See* Opposer SJ Opp. at 7-12. Applicant *still* has not cited any regulation or law purporting to require country-of-origin labeling, contrary to the statute and regulation cited by Opposer, *see id.* at 8, nor any case for the proposition that country-of-origin labeling cures a section 2(e)(3) refusal to register. Applicant *still* has not produced any *evidence* to support a finding of more than *de minimis* consumer exposure to a handful of cigar brands that also seek to exploit a non-existent connection to Havana and Havana cigars, nor has it explained why, as a legal matter, these other cigars entitle Applicant to register an otherwise unregistrable deceptive mark. Opposer SJ Opp. at 8-10; Frank Decl. ¶¶ 2-10.

C. Applicant’s Goods Do Not Come from Cuba

It is undisputed that neither Applicant’s intended cigars, nor the tobacco, nor the seeds from which the tobacco will be grown, will come from Havana or Cuba, nor can they under the CACR. Opp. SJ at 11-13, 30-31; Opposer SJ Opp. at 6-7 & n.5, 12; 31 C.F.R. § 515.204(a).

Indeed, Applicant again admits that there is no connection or link to Cuba other than the claim that the “tobacco [is] grown from seeds descended from Cuban tobacco plants or seeds taken from Cuba prior to the Cuban embargo,” over 45 years ago. App. SJ Resp. at 12.¹ Applicant makes no argument and submits no evidence whatsoever that this claimed remote genetic descent is relevant or meaningful in any way to any quality or characteristic of Cuban tobacco or cigars, and indeed, has expressly disclaimed any such connection. Opp. SJ at 12-14; Bock Dep. at 96-99; *see* Espino Marrero Decl. ¶¶ 5-13; Perelman Decl. ¶¶ 11-15, 17-19, 21-23. Ignoring this unrebutted expert testimony and Mr. Bock’s own admissions, and merely saying in a brief that this remote genetic descent is “an identifiable and tangible connection to Havana or Cuba,” App. SJ Resp. at 11-12, is factually meaningless and legally irrelevant.

Applicant further misses the point in stating that “Cuban-seed tobacco is a term commonly used in the cigar industry,” *id.* at 12, an observation that Opposer does not dispute. Opposer does not here challenge the use of that term by Applicant or by American cigar companies. Opposer’s point is simply that, under the prevailing case law and the unrebutted evidence, including the expert testimony, there is nothing about “Cuban seed” tobacco that can convert an otherwise unregistrable mark under section 2(e)(3) into one that is registrable.

The legal precedents are clear that the inquiry is whether “in fact the goods *do not come from that place*” named by the mark. *In re California Innovations*, 329 F.3d 1334, 1341 (Fed. Cir. 2003) (emphasis added); Opp. SJ at 29-32. Applicant cites no contrary authority. Indeed, it cites no case law at all for its unprecedented and unworkable remote genetic descent argument.

¹ For purposes of Opposer’s summary judgment motion only, Opposer accepts that Applicant’s future cigars will be made from tobacco grown from seeds that are remote genetic descendants of seeds taken from Cuba over 45 years ago. In fact, there is no way to verify such a claim, *see* Declaration of Richard B. Perelman ¶ 9; Declaration of Eumelio Espino Marrero ¶ 14. Further, Applicant has submitted no evidence to support its claim that the tobacco it intends to use in fact is actually descended from seeds from Cuba. Opp. SJ at 12-13; Opposer SJ Opp. at 12-13.

Applicant's citation to TMEP § 1210.03 further reinforces Opposer's position, according to which the PTO is to consider whether the goods are "manufactured, produced or sold" in the place named by the mark. The terms "origin" and "originate" in TMEP § 1210.03 are thus used in their most commonly understood sense, consistent with the Board and Federal Circuit formulation of whether "the goods do not come from that place." Applicant's claim that the "fundamental meaning of the term 'originate,'" somehow means that its cigars "originate" in Cuba is senseless. App. Resp. at 11. For example, does ham processed in Iowa from pigs raised in Iowa "originate" in France (or come from France), because the Iowa pigs are 45th generation descendants of French pigs? Moreover, under Applicant's interpretation, its (and everyone else's) "Cuban seed" cigars would be barred from the United States by the CACR, which prohibit the importation of any goods "of Cuban origin." 31 C.F.R. § 515.204(a)(1).

Finally, Applicant's claim that the PTO should continue an erroneous "policy" (resulting, apparently, from false or misleading claims made by other Applicants to the PTO, *see* Opp. SJ at 31 n.9), is contrary to law, particularly as consumer deception is involved. Opposer SJ Opp. at 14. It is ironic that Applicant urges the PTO to maintain this erroneous practice, applied in a few instances to the benefit of a handful of applicants, while urging – with no evidentiary or legal basis – the wholesale abandonment of 45 years of U.S. foreign policy toward Cuba designed to foster reciprocal protections of intellectual property, and which would put at risk over 4,000 marks of U.S. nationals registered in Cuba. *See* Point III, *infra*.

II. THE APPLICATION SHOULD BE REFUSED BECAUSE OF APPLICANT'S MATERIAL MISREPRESENTATIONS AND OMISSIONS TO THE PTO

Applicant simply repeats its non-argument in response to Opposer's claim of material misrepresentations and omissions to the PTO. App. SJ Mot. at 16; App. SJ Resp. at 13. Again, Opposer's claim is *not* based on whether Applicant will use tobacco called "Cuban seed," or

even whether such tobacco might be a remote genetic descendant of seeds from Cuba. Opposer otherwise refers to its prior arguments on Applicant's duty of candor, and the undisputed facts concerning Applicant's admitted knowledge concerning "Cuban seed" tobacco, which were indisputably not communicated to the PTO when it amended the identification of goods from "cigars" to "cigars made from Cuban seed tobacco" for the purpose of overcoming the initial refusal. Opp. SJ at 12-13, 34-35; Opposer SJ Opp. at 16-17.

III. OPPOSER HAS NOT ABANDONED ITS REGISTERED MARK "HABANOS UNICOS DESDE 1492 & DESIGN"

Anncas, with the burden of proof on abandonment, fails to give a single reason why the Board should undermine long-standing United States foreign policy, place the U.S. in violation of international law, and put over 4,000-plus marks of U. S. nationals at risk. Anncas does not challenge Habanos S.A.'s showing that long-standing U.S. policy under the CACR, as stated by the Treasury Department's Office of Foreign Assets Control, is "intended to provide reciprocal protection for the intellectual property of Cuba and the United States," Goldstein Decl. Exh. 23, including by authorizing the reciprocal registration and maintenance of trademarks in the United States by Cuban nationals and by United States nationals in Cuba, a policy Cuba has honored to date. Opp. SJ at 37-40. Nor does Anncas explain how the Board's rejection of this policy would not violate United States international obligations under the Paris Convention and TRIPs. *Id.* at 39. Nor does Anncas challenge Habanos S.A.'s showing that the PTO has consistently adhered to this reciprocity policy by accepting excusable non-use Section 8 Affidavits from Cuban nationals that state that the mark is in use outside the United States, that the mark is not being used in the U.S. because of the embargo, and that the registrant intends to use the mark in the U.S. as soon as the embargo allows. *Id.* at 17-18, 38. Indeed, what Anncas belittles as a "mere

hope of the lifting of the Cuban embargo at some unknown future date,” App. SJ Resp. at 14, is the bedrock U.S. policy that has allowed the registration of over 4,000 U.S. marks in Cuba.

Anncas’s claim that it does not challenge U.S. foreign policy, but only that Habanos S.A. should be forced to an extensive evidentiary showing of intent to use the mark rings hollow. First, the U.S. reciprocity policy would obviously be undermined if Cuban nationals are forced to extensive evidentiary showings to maintain their marks here, while U.S. companies, to date, have not been put to such a test in Cuba. Certainly, numerous U.S. marks registered in Cuba would be lost if forced to submit to the evidentiary test demanded by Anncas. Thus, nothing more should be required of Habanos S.A. than the Section 8 Declaration previously accepted by the USPTO. Opp. SJ at 37, 40; Opposer SJ Opp. at 18-19.

Second, because Habanos S.A. has submitted such extensive, unrebutted evidence of intent to use the mark under prevailing excusable non-use and abandonment law, Opp. SJ at 17-20, 40-42; Opposer SJ Opp. at 20-23, and Anncas has submitted *no evidence* on its ultimate burden of showing that Habanos S.A. has no intent to use the mark, it is clear that Anncas is challenging not the evidence, but the U.S. reciprocity policy itself. Indeed, Anncas again never mentions the law of abandonment. Instead, and inexplicably, it invents an imaginary standard purportedly derived from the different legal standard of section 1(b) intent-to-use cases and commentary (which in any event do not support the invented standard) that a party abandons a mark unless it has a “written business plan.” App. SJ Resp. at 14; Opposer SJ Opp. at 19.

Ironically, Applicant miserably fails its own test, as the *only* document of its intent to use the mark from the filing date of February 5, 2004 until after the close of discovery in May 2006 was a single computer image of a “Havana Club” logo. App. SJ, Exh. F (000001); Bock Dep. at 22-26 (Goldstein Decl. Exh. 13). Opposer has otherwise addressed Applicant’s meritless

arguments concerning Opposer's extensive, unrebutted evidence establishing excusable non-use and non-abandonment. Opposer SJ Opp. at 18-23.

Finally, for the reasons previously stated, and pursuant to the Board's threshold inquiry obligation to determine standing at the outset, Applicant has no standing to challenge Opposer's HABANOS UNICOS mark, since that mark is not the basis of Opposer's standing to bring its Opposition, and Opposer has not claimed that Applicant's mark interferes with or causes confusion with its HABANOS UNICOS mark. Opposer SJ Opp. at 23-24.

CONCLUSION

For the reasons stated herein, and on the prior papers submitted on the parties' motions for summary judgment, Opposer's motion for summary judgment: 1) refusing registration of Applicant's mark, HAVANA CLUB, Serial No. 78/363024; and 2) dismissing Applicant's counterclaim to cancel Registration No. 2,177,837, owned by Opposer, should be granted.

Dated: New York, New York
October 12, 2006

Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of Opposer Corporacion Habanos, S.A.'s Reply Brief in Support of Motion for Summary Judgment was served on Applicant by mailing, postage prepaid, said copy on October 12, 2006 via U.S. First Class Mail to:

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CERTIFICATE OF ELECTRONIC FILING

The undersigned hereby certifies that he has caused a true and correct copy of Opposer Corporacion Habanos, S.A.'s Reply Brief in Support of Motion for Summary Judgment to be filed electronically through the ESTTA system on October 12, 2006.

/David B. Goldstein/
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